



# COVID-19 Impact

Northwestern Lehigh School District

April 15, 2020

# Pre COVID-19 Cost Drivers

Major Cost Driver	Increase from Prior Year
Contractual Salary Increases	\$ 710,000
PSERS Employer Contribution 34.51%	300,000
Cyber/Charter Tuition	101,000
Special Education Services	81,000
Heating Oil	83,000
LCTI	60,000
Social Security	54,000
Healthcare	<u>52,000</u>
Subtotal	\$1,441,000

Note: Amounts are increases from April 2020 budget amounts compared to 2019-2020 Budget.

# Current COVID-19 Budget Planning Impact




- Revenues

- Anticipated reduction in Current Real Estate Collection
  - Estimated 1% reduction = \$275,000
- Potential to extend Real Estate Discount Period into September
  - Estimated \$50,000 reduction in collections
- Anticipated loss of assessment & increased appeals
- Lower Act 1
- Anticipated reduction in Delinquent Real Estate Tax Collection
- Anticipated reduction in EIT collections
- Reduced Interest Income based on market rates
- Uncertainty of State Revenues

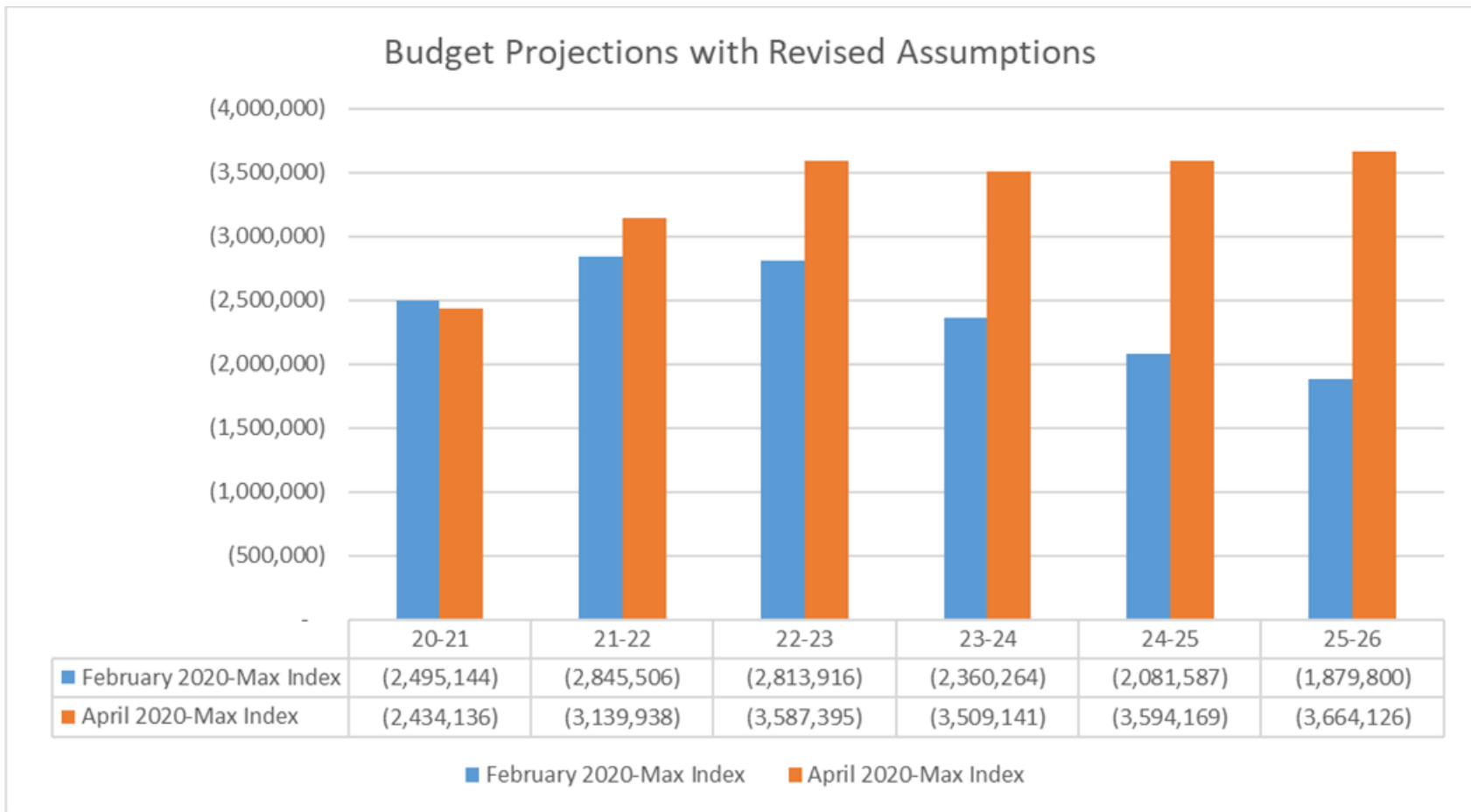
- Expenditures

- All employees being paid under Act 13
- Some Contractual Agreements require payment (Act 13 implications)
- Anticipated 2019-20 Savings:
  - Substitutes
  - Overtime
  - Supplies
  - Travel
  - Utilities
  - Fuel (heating oil/diesel/gas)
- Future PSERS contribution rates
- Future medical/RX renewals
- Anticipated costs associated with online learning (hot spots, mailings, etc)

# Property Tax Projections- Revised Assumptions

	1920					
Assessed Valuation	1,593,640,150					
Millage Rate	16.6138					
	2021	2122	2223	2324	2425	2526
% Change to Assessed Valuation 	0.45%	0.00%	0.50%	1.00%	1.00%	1.00%
Estimated \$ Change to Assessed Valuation	7,094,700	-	8,003,674	16,087,385	16,248,259	16,410,742
Assessed Valuation	1,600,734,850	1,600,734,850	1,608,738,524	1,624,825,909	1,641,074,169	1,657,484,910
Millage Rate	17.2402	17.5850	17.9367	18.3852	18.8448	19.4101
Total Tax Levy	\$ 27,596,989	\$ 28,148,922	\$ 28,855,460	\$ 29,872,749	\$ 30,925,714	\$ 32,171,948
Act Index 	2.6%	2.0%	2.0%	2.5%	2.5%	3.0%
New Tax Revenue Generated from Index	\$ 1,000,000	\$ 551,941	\$ 565,794	\$ 728,602	\$ 754,285	\$ 937,048
Tax Collection Rate 	95.0%	95.0%	95.5%	96.0%	96.0%	96.0%
Estimated Taxes to be Collected	\$ 26,217,140	\$ 26,741,476	\$ 27,556,965	\$ 28,677,839	\$ 29,688,686	\$ 30,885,070
NOTE: 2021 Projected tax increase is 2.6% plus partial use of approved exceptions to generate \$1M tax revenue						

 Change in assumption due to COVID-19



NOTE: Revised revenue assumptions have a significant impact on the long term projected budget shortfall. In addition, changes in salary/wages, and PSERS contribution rates, & eliminated of new debt service are included.

# 2020-21 Millage Options

<b>Millage Increase- Current 1920 Millage 16.6138 mills</b>	<b>0.4320 mills (2.6%)</b>	<b>0.6057 mills (3.65%)</b>	<b>0.7705 mills (4.64 %)</b>
2020-21 Proposed Millage Rate	17.0458	17.2195	17.3843
Total Tax Revenue Generated	\$713,000	\$1,000,000	\$1,272,000
Average Assessed Value (Residential)	\$220,000	\$220,000	\$220,000
Dollar (\$) Increase to Avg Taxpayer	\$95.04	\$133.36	\$168.56

Note: Reduction in millage increase would result in additional budget reductions and/or additional use of Fund Balance